

Message Text

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PAGE 01 STOCKH 04088 301416Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 PA-01 PRS-01 USIA-06 L-03 H-02 CIAE-00

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FM AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: EIND, SW

SUBJECT: AMERICAN FILM COMPANIES THREATEN TO STOP DELIVERY OF FILMS
TO SWEDISH MOTION PICTURE THEATERS

1. BEGIN UNCLASSIFIED. ACCORDING TO RECENT SWEDISH PRESS REPORTS, THE LOCAL SUBSIDIARIES OF AMERICAN FILM COMPANIES HAVE THREATENED TO SUSPEND THE DISTRIBUTION OF NEW FILMS TO SWEDISH MOTION PICTURE THEATERS BY AUGUST 1 UNLESS THEY AGREE TO PAY A SUBSTANTIAL INCREASE IN FILM RENTALS.

2. THE DISPUTE BETWEEN THE THEATER OWNERS AND THE AMERICAN FILM COMPANIES HAS BEEN COMPLICATED BY THE FACT THAT THE THEATER OWNERS RECENTLY FILED A COMPLAINT WITH SWEDEN'S ANTI-TRUST OMBUDSMAN (NO), WHOSE PRINCIPAL FUNCTION IS TO SEE THAT BUSINESS PRACTICES ARE CONSISTENT WITH THE PROVISIONS OF SWEDEN'S RESTRICTIVE TRADE PRACTICES ACT. NO HAS BEEN ASKED TO DETERMINE WHETHER THE THREAT OF THE AMERICAN FILM COMPANIES CONSTITUTES A VIOLATION OF SWEDEN'S ANTITRUST LEGISLATION. NO HAS APPROACHED THE FILM DISTRIBUTORS FOR INFORMATION ON THIS POINT, GIVING THEM A DEADLINE OF AUGUST 13.

3. UNO HJARTKVIST, DEPUTY CHAIRMAN OF THE SWEDISH MOTION PICTURE THEATER OWNERS ASSOCIATION, SAID HE
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REGRETTED THAT THE AMERICAN FILM COMPANIES HAVE APPAR-

ENTLY DECIDED TO IMPOSE THEIR BOYCOTT ACTION BEFORE NO HAS COMPLETED ITS INVESTIGATION. HE EXPRESSED THE HOPE THAT THE AMERICAN FILM COMPANIES WOULD DEFER THEIR ACTION, AT LEAST UNTIL NO HAS HAD TIME TO STUDY THE CASE.

4. HJARTKVIST SAID HE WAS AGAINST PAYING HIGHER FILM RENTALS DEMANDED BY THE AMERICAN FILM COMPANIES, BUT HE CONCEDED THAT IT WOULD BE DIFFICULT FOR THE SWEDISH MOTION PICTURE THEATERS TO GET ALONG WITHOUT SHOWING AMERICAN FILMS. AMERICAN MOTION PICTURES ACCOUNT FOR ABOUT 60 PERCENT OF THE INCOME OF SWEDISH MOTION PICTURE THEATER OWNERS, SAID HJARTKVIST. SHOULD THE AMERICAN BOYCOTT LAST OVER A MONTH, IT WOULD NECESSITATE THE CLOSURE OF MANY MOTION PICTURE THEATERS. END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. COMMENT. S. FRED GRONICH, EUROPEAN REPRESENTATIVE OF THE MOTION PICTURE EXPORT ASSOCIATION, BASED IN PARIS, WAS IN STOCKHOLM JULY 27-29. HE CALLED THE PUBLIC INFORMATION OFFICER TO SAY THAT HIS CLIENTS WERE NOT VIOLATING SWEDISH ANTI-TRUST REGULATIONS AND EXPRESSED SOME HOPE THAT NEW RATE PROPOSAL OFFERED THE THEATER OWNERS MIGHT MOVE THE SITUATION TOWARD AN ACCOMMODATION. HE DID NOT MENTION THE THREATENED STOPPAGE OF DELIVERIES OF NEW US FILMS. GRONICH SOUGHT NO ASSISTANCE FROM THE EMBASSY. SMITH

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